

Message Text

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ACTION EA-10

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CIEP-01 TRSE-00 SS-20 STR-01 OMB-01 CEA-01 CIAE-00

COME-00 FRB-01 INR-05 NSAE-00 XMB-02 OPIC-06 LAB-01

SIL-01 INT-05 FEA-01 DODE-00 PA-01 USIA-06 PRS-01 L-01

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SUBJECT: RECENT US BUSINESS VISITORS TO PEKING

REF: PEKING 1633 AND PREVIOUS

SUMMARY COMMENT: THE NUMBER OF AMERICAN BUSINESS VISITORS TO PEKING SINCE OUR LAST REPORT THREE WEEKS AGO (REFTEL) HAS SOMEWHAT TAPERED OFF, PRESUMABLY DUE TO CHINESE PREOCCUPATION WITH PREPARATIONS FOR THE CANTON FAIR WHICH OPENS OCTOBER 15. WE ARE EXPECTING TO SEE A NUMBER OF REPRESENTATIVES OF AMERICAN AFFILIATED FIRMS WHICH ARE PARTICIPATING IN THE AUSTRALIAN EXHIBITION THAT JUST OPENED IN PEKING, BUT ONLY ONE HAS BEEN IN TO SEE US SO FAR. NOT LISTED BELOW IS A DELEGATION OF THE AMERICAN IMPORTERS ASSOCIATION WHICH WILL BE TREATED SEPTEL AFTER THE CONCLUSION OF THEIR VISIT THIS WEEKEND. END SUMMARY.

1. THE ACTIVITIES OF REPRESENTATIVES OF AMERICAN FIRMS

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WHO HAVE VISITED PEKING IN THE LAST THREE WEEKS ARE

SUMMARIZED AS FOLLOWS:

A) J. C. PENNEY- ROBERT BOULOGNE, WHO WAS IN PEKING WITH A DELEGATION LAST FEBRUARY (PEKING 273 AND HONG KONG 1871), RETURNED IN LATE SEPTEMBER WITH TWO BUYERS OF SPORTS AND CHILDRENS WEAR. SINCE GOODS THEY PURCHASED EARLIER THIS YEAR ARE JUST BEGINNING TO ARRIVE, THE PENNEY'S BUYERS PLACED MUCH SMALLER ORDERS THAN THEY DID EARLIER THIS YEAR. (THE ACTUAL FINAL VALUE OF EVEN THOSE CONTRACTS WAS CONSIDERABLY LESS THAN THE DOLS 2.5 MILLION THEN REPORTED, BOULOGNE SAID, BECAUSE OF PENNEY'S LATER CANCELLATION OF ORDERS FOR TOWELS.) BOULOGNE SPECULATED THAT ONE REASON FOR THE CHINESE INVITATION AT THIS TIME WAS TO GET A FEEL, IN PREPARATION FOR THE CANTON FAIR, FOR CURRENT MARKET TRENDS IN THE US. HE SAID CHINESE TEXTILE PRICES SEEM TO HAVE COME DOWN ABOUT 5 PERCENT SINCE LAST SPRING, WHICH WILL PROBABLY NOT BE ENOUGH FOR LARGE SALES TO THE US AT THE COMING FAIR.

B) ELECTRONIC ASSOCIATES INC. - DONALD HENRY, FAR EAST SALES MANAGER OF THIS NEW JERSEY FIRM, HAS BEEN IN PEKING PRIMARILY TO EXPLORE WITH THE CHINESE A PROPOSAL FOR A NATIONAL COMPUTER CENTER WHICH WOULD BE UTILIZED TO PROCESS DATA RELATING TO PRC PURCHASES OF WHOLE PLANTS AND TECHNOLOGY FROM ABROAD. PRELIMINARY DISCUSSIONS HAVE ALREADY TAKEN PLACE, HENRY SAID, AND IF THE CHINESE GO FOR THE WHOLE PACKAGE IT COULD AMOUNT TO SALES IN THE RANGE OF DOLS 50 MILLION. IT WOULD ALSO INVOLVE KEEPING AMERICAN TECHNICIANS ON THE JOB IN CHINA FOR ABOUT FIVE YEARS. HENRY SAID HE HAS DISCUSSED THE PROJECT WITH USG OFFICIALS IN WASHINGTON, AND THE MAIN OBSTACLE WOULD BE CHINESE ACCEPTANCE OF A REQUIREMENT FOR SURVEILLANCE OF COMPUTER END-USE. HE ADDED THAT EAI HAS SOLD EQUIPMENT FOR RESIDUAL GAS ANALYSIS WITH A SMALL COMPUTER TO THE CHINESE INSTITUTE OF PHYSICS (FOR WHICH AN EXPORT LICENSE WAS GRANTED), AND THAT AN EIA AFFILIATE NOW PARTICIPATING IN THE AUSTRALIAN EXHIBITION HAS A LINE OF SMALL EDUCATIONAL COMPUTERS WHICH THE CHINESE DEFINITELY WANT TO BUY.

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C) UNIVERSAL OIL PRODUCTS - A UOP REPRESENTATIVE PHONED OCTOBER 9 TO SAY THAT HE IS IN PEKING FOR DISCUSSIONS WITH THE CHINA TECHNICAL IMPORT CORPORATION (TECHIMPORT). HE PROMISED TO CALL IN PERSON AND DID NOT WISH TO DESCRIBE HIS TALKS OVER THE PHONE. HE INDICATED, HOWEVER, THAT THE SUBJECT IS NOT THE DETERGENT PLANT WHICH A UOP GROP DISCUSSED WITH THE CHINESE IN JULY (PEKING 1191, 1163).

D) BAKER TRADING COMPANY - JAY RAY PACE AND TWO REPRESENTATIVES OF BYRON JACKSON CONTINUE TO HOLD TALKS WITH THE CHINA NATIONAL MACHINERY IMPORT AND EXPORT CORPORATION ON THE SUPPLY OF OILFIELD EQUIPMENT TO THE PRC. PACE INFORMED US THAT HIS NEGOTIATIONS ARE PROCEEDING WELL AND THAT THE GROUP WILL PROBABLY LEAVE PEKING IN ANOTHER WEEK. HE PROMISED A FULLER REPORT BEFORE DEPARTING.

E) E. YUEN - THREE REPRESENTATIVES OF THIS US-CHINA TRADE FIRM ARRIVED IN PEKING OCTOBER 9 FOR TALKS WITH THE CHINA NATIONAL LIGHT INDUSTRIAL PRODUCTS IMPORT AND EXPORT CORPORATION. THEY WILL PROCEED TO TIENTSIN ON OCTOBER 13 FOR DISCUSSIONS WITH CORPORATION BRANCH OFFICE PERSONNEL THERE AND THEN GO TO CANTON FOR THE UPCOMING FALL TRADE FAIR. E. YUEN HAS BEEN A MAJOR IMPORTER OF CHINESE GOODS, SPECIALIZING IN BASKETWARE AND GLASSWARE (SEE PEKING A-25).

F) PYROTECHNICS INCORPORATED/DISNEYLAND - PAT MORIARTY, PRESIDENT OF PYROTECHNICS AND BOB JANI, A DISNEYLAND VICE PRESIDENT, VISITED PEKING FOR SEVERAL DAYS LAST WEEK AT THE INVITATION OF THE CHINA NATIONAL NATIVE PRODUCE AND ANIMAL BY-PRODUCTS IMPORT AND EXPORT CORPORATION. THE TWO MEN WERE DISCUSSING WITH THE CHINESE US IMPORT REQUIREMENTS FOR FIREWORKS IN CONNECTION WITH THE 1976 US BICENTENNIAL WHEN THERE WILL BE A SHARP INCREASE IN US IMPORTS OF FIREWORKS FROM ALL SOURCES. IF THE CHINESE CAN MEET THE DEMAND, JANI SAID, US IMPORTS OF PRC PYROTECHNICS FOR THE BICENTENNIAL ALONE COULD REACH DOLS 5 MILLION.

G) GERLI & CO. - PAOLINO GERLI, CHAIRMAN OF THIS ESTABLISHED NEW YORK SILK IMPORT FIRM, CALLED AT USLO AFTER COB OCTOBER 11. HE LEFT A MESSAGE THAT HE HAD LIMITED OFFICIAL USE

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BEEN IN PEKING ON TEXTILES AND RAW SILK BUSINESS AND WAS LEAVING THE FOLLOWING MORNING. IN THE PAST, GERLI'S MAIN INTEREST HAS BEEN CHINESE RAW SILK, A COMMODITY WHICH WAS OVERPRICED AT THE 1974 SPRING CANTON FAIR WITH THE RESULT THAT GERLI AND OTHER FOREIGN BUYERS BOUGHT LITTLE. WE UNDERSTAND THE CHINESE ARE NOW KEEN TO SELL RAW SILK, BUT WE DO NOT KNOW IF THEIR PRESENT PRICES ARE COMPETITIVE.

H) DIGITAL PATHWAYS INC - MELVIN SCHWARTZ, PRESIDENT OF THIS PALO ALTO FIRM WHO WAS VISITING PEKING AS A MEMBER OF AN AMERICAN PHYSICS DELEGATION, CALLED ON USLO FOR A GENERAL BRIEFING ON DOING BUSINESS WITH CHINA. HIS FIRM DEALS IN COMPUTER-RELATED TECHNOLOGY, AND HE SEEMED FULLY AWARE OF EXPORT CONTROL PROBLEMS WHICH HE MIGHT FACE IN

DEALING WITH THE CHINESE.

2. ADDRESSEES ARE REMINDED THAT THE FOREGOING INFORMATION
IS COMMERCIALLY SENSITIVE.
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